

Regulatory Guidance Best Practices for Enhancing Security of Critical Infrastructure Industries

NIAC Working Group Progress Report

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Presentation Outline

- ☐ Objectives
- ☐ Methodology
- ☐ Early findings
- ☐ Next steps

Objectives

- ❑ Conduct a study to assess the impact of focused regulation on the security posture of each critical infrastructure sector
- ❑ Raise awareness of the scope of regulation and other tools to improve security and mitigate risks and vulnerabilities in each critical infrastructure sector
- ❑ Identify the most effective drivers of security improvement in each sector

Methodology

- ❑ Conducted structured interviews with 14 NIAC member institutions to identify differing perspectives
- ❑ Conducted wider set of over 70 interviews to further flesh out issues
- ❑ Developed preliminary findings, including framework that can be applied to sectors
- ❑ Construct working groups to advance findings, apply framework and create policy options and recommendations for each sector

Early findings

- ❑ Deep understanding of sector dynamics is needed
- ❑ Organizations are already responding to address threats
- ❑ Government action may still be selectively required
- ❑ Identified best practices should be considered when regulation is used

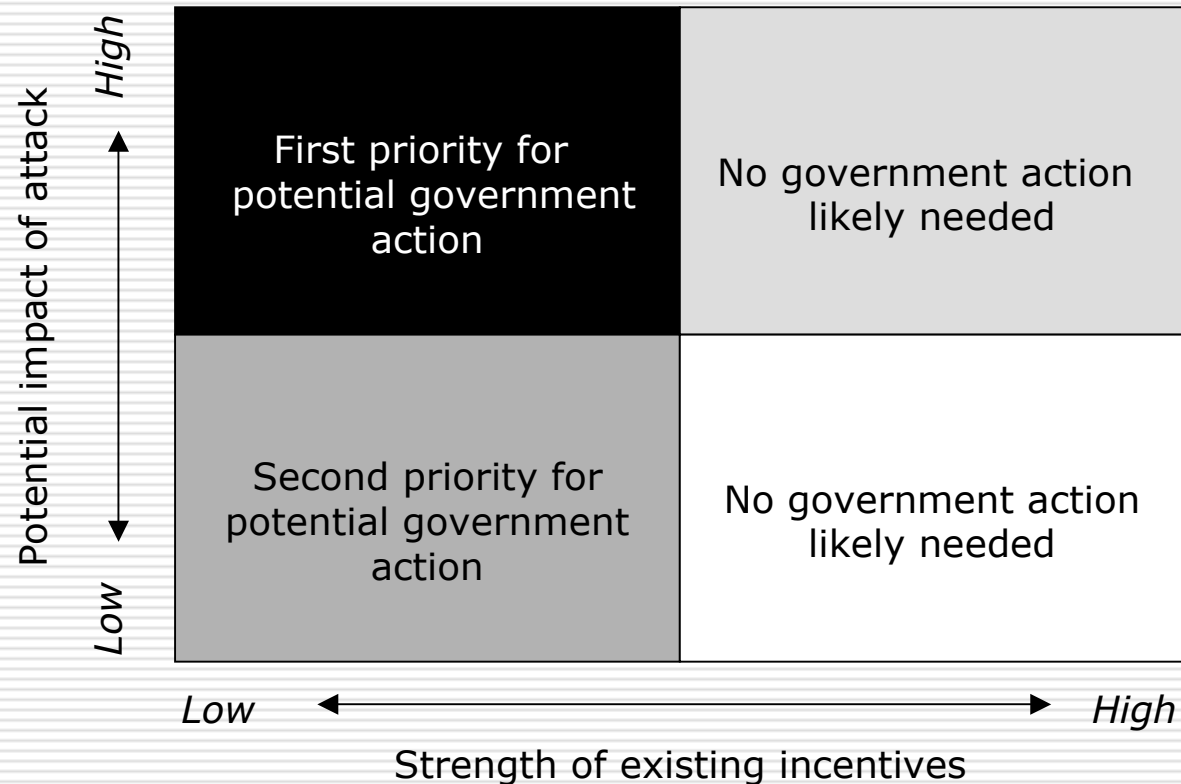
Deep understanding of sector dynamics is needed

- Different structure, market forces, and existing regulation are present
 - Even within sectors there is great diversity
 - Proposed regulation would need to be designed and enforced at appropriate levels and through the most effective agency
- Differences in the potential for systemic failure exist across and within sectors
 - Critical nodes for the system need to meet a higher security standard
 - The impact of an attack may extend beyond individual firms because of interdependencies of systems

Organizations are responding to address threats

- ❑ Market forces are the most pervasive driver of behavioral change because of:
 - Customers switching
 - Peer pressure
 - Expectations of damage
- ❑ Sector-led initiatives encourage improved security behavior
- ❑ Existing regulations are a strong driver of behavior in certain sectors

Government action may be selectively required



Screening questions to consider before resolving to regulate

- ☐ Will market forces work over time?
- ☐ Can the sector provide its own solution?
- ☐ Can regulation be successfully applied to this sector?

Identified best practices should be considered when regulation is used

1. **Develop regulations in concert with industry**
2. Mandate outcomes rather than specific actions
3. Ensure alignment between federal, state and local regulations
4. Evaluate all new and existing regulations through a “security filter”
5. Incorporate flexibility or sunset provisions
6. Some funding may be needed to fulfill mandates
7. Implement regulation in phases

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Next steps

- Assemble working group for next phase
 - Determine which NIAC members are interested in participating in the working group
 - Identify possible non-NIAC members that are also interested in participating
- Agree upon overall timeframe and deliverables